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ABSTRACT

Much attention has been directed toward the measurement of organizational effectiveness. A competing values framework was used in a 2-year longitudinal study of 30 local offices of the Employment Service to develop a methodology for monitoring organizational effectiveness. Data were collected from all staff members and office records. Analysis of staff questionnaire data revealed eight factors parallelling the dimensions of effectiveness proposed in the competing values framework, i.e., cohesion/morale, human resources, flexibility, resource growth, information management, stability, planning, and productivity. These eight dimensions of organizational performance reflected three sets of competing organizational values: people versus organization, control versus flexibility, and means versus ends. The results indicate that the availability of broadly-scoped factor scores for the analysis of differential intraorganizational convergence of managerial and staff perceptions of office effectiveness provides a potentially useful diagnostic basis for a variety of organizational interventions within the competing values framework. (Author/NRB)

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A COMPETING VALUES APPROACH TO ORGANIZATIONAL EFFECTIVENESS: Monitoring the Performance of Local Employment Service Offices

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CG 015113

Paper presented at the Annual Convention of the American Psychological Association, Montreal, September 5, 1980.

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A Competing Values Approach to Organizational Effectiveness: Monitoring the Performance of Local Employment Service Offices*

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The Employment Service is a federally funded, state operated system under the general administration and supervision of the Employment and Training Administration (ETA) of the United States Department of Labor. It administers the employment security program authorized by the Wagner-Peyser Act and the Social Security Act. Its 2,800 offices across the United States provide a service to find appropriate jobs for listed applicants, as well as qualified applicants for listed jobs.

During the 1960's the Employment Service experimented with several approaches to the use of computers as a basis for matching jobs and applicants. Tests were conducted initially in 4 states, each using a different system. Based on these experiments, a system was devised and tested in 6 additional locations. By 1975 the Department of Labor had initiated a 5-year program to extend automated job matching systems to all states requesting them, if they were also prepared to sign an agreement on funding and cost absorption.

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*This paper was presented at the 88th Annual Convention of the American Psychological Association in Montreal, September 5, 1980. Special thanks are given to Jose Rossy-Millan, Joseph Whorton, and Sam Hays for their considerable assistance in preparing this presentation.

In the spring of 1978 the General Accounting Office (GAO) reviewed the project, noted that the anticipated cost had increased from $170 million to over $250 million and questioned the feasibility of continuing the program. The GAO recommended that the expansion of the system be halted until various aspects of its implementation could be evaluated and reassessed. In response to the request for an assessment of the implementation of automated matching systems, the ETA through DAMS began a number of program evaluations.

Over the past two years, the Institute on Man and Science in Rensselaerville, New York, and the Public Executive Project of the State University of New York at Albany have jointly sponsored several research efforts designed to evaluate the impact of automated matching systems in local Employment Service offices. One central question underlying these evaluation projects is whether automated job matching improves the effectiveness of the local offices in which it has been introduced, that is, whether there is an increase in the effectiveness of operations that justifies its cost. To date, data have been collected directly in over 16 states and 45 local offices in order to provide an answer to this research question.

A major obstacle to conducting an evaluation project of this kind, not unlike any effort at program evaluation within an organizational setting, is the definition of the construct effectiveness. What is implied when a local office of the Employment Service is called "effective" or "ineffective?" All too often

we have seen office effectiveness defined in an all too simple manner as the number of job placements that its staff produces. But certainly there are other aspects of an effective organization, in addition to this one elementary measure of office productivity.

Defining Organizational Effectiveness

Organizational effectiveness has received considerable attention in the organizational behavior literature. In fact, several theorists have suggested that organizational effectiveness is the central theme in organization theory and that it is difficult to conceive of a theory of organizations that does not include the construct of effectiveness (Goodman and Pennings, 1977). Nevertheless, a widely shared definition of effectiveness has proven to be elusive. While it has been argued convincingly that organizational effectiveness is not a tangible, singular attribute but a theory about the overall performance of organizations, such a theory of effectiveness has not yet been generated, the set of constructs that would make up the theory has not yet been articulated, and a commonly accepted definition of effectiveness has not yet emerged.

The framework used to define the effectiveness of local offices in the Employment Service for the present evaluation project was developed by Robert Quinn and myself as a result of several recent studies (Rohrbaugh and Quinn, 1980; Quinn and Rohrbaugh, 1980). This framework, which we call a competing values approach to organizational effectiveness, suggests that there are

three basic value dimensions that are fundamental to the assessment of organizational performance. These three value dimensions and the 9 effectiveness criteria with which they are associated are shown in Figure 1. The first value dimension is related to organizational structure, from an emphasis on flexibility to an emphasis on control. The second value dimension is related to organizational focus, from an emphasis on the well-being and development of people in the organization to an emphasis on the well-being and development of the organization itself. The third value dimension is related to organizational means and ends, from an emphasis on important processes (e.g., planning and goal setting) to an emphasis on final outcomes (e.g., productivity).

It follows from this framework that the selection of particular criteria of organizational effectiveness reflect competing value preferences. For example, to define effectiveness solely upon productivity standards alone would suggest a value upon the organization rather than its members, an interest in control instead of flexibility, and a primary concern about output as opposed to process. Opposite values (those focused on people rather than organization, flexibility instead of control, and means as opposed to ends) would be reflected in a definition of effectiveness solely on staff morale and cohesion. A final criterion of effectiveness, the quality of output, is shown in Figure 1 to be at the center of all of these competing values.

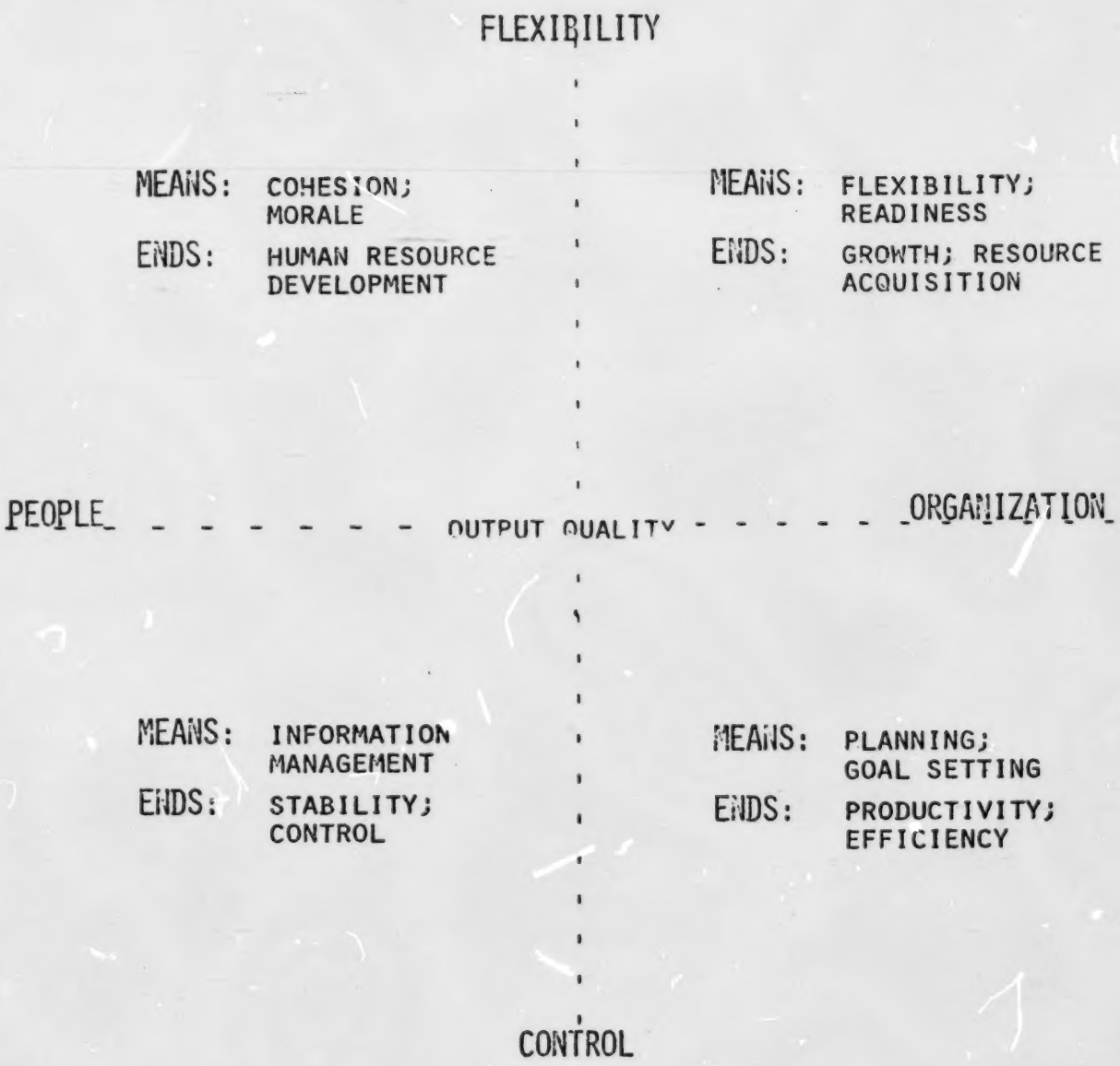


Figure 1. Dimensions of organizational effectiveness.

Measuring Organizational Effectiveness

Much attention and effort has been directed toward the measurement of organizational effectiveness (see Smith, 1976; Steers, 1977). In the present study the competing values framework was used as the basis for a broadly-scoped first cut at the selection of appropriate performance measures for local Employment Service offices. The data used in the assessment of organizational effectiveness were collected from three sources: questionnaires formally administered to an exhaustive sample of staff members, personal interviews with a representative sample of staff members, and office records compiled at the district and state levels through the Employment Security Automated Reporting System (ESARS). Although each criterion of effectiveness could be measured in a variety of ways and although the particular indices selected for use are neither fully valid nor fully reliable indicators of the constructs discussed above, it must be remembered that the focus of the present study was on the overall patterning of office effectiveness rather than upon the specific performance dimensions themselves.

Staff perceptions of effectiveness. The questionnaire administered to the entire staff at each of 30 local offices visited for the present study contained numerous items pertaining to organizational effectiveness. A factor analysis of responses to these questions using a principal-component solution with a varimax rotation (N = 620) revealed 8 factors underlying the data set that markedly paralleled the dimensions of effectiveness proposed in the competing values framework. These 8 factors explained over 65% of

the variation in response to the 38 items that were factor analyzed; their factor loadings are shown in Table 1. Also presented in Table 1 are the estimates of reliability (coefficient alphas) for each dimension, computed by standardizing and summatively scaling responses to the highest loading items on each factor (grouped together in Table 1). The magnitude and consistency of these reliability coefficients are high, ranging from .82 to .87.

The 8-factor solution shown in Table 1 was used as the basis for generating factor scores for each of the participants in the present study. These factor scores provide a set of discrete organizational ratings that match the 8 dimensions of organizational effectively suggested by the competing values framework. The factor scores were disaggregated and averaged by local offices and job classifications, so that the unit of analysis for subsequent analyses could be organization-specific rather than individual-specific. Of particular interest is the finding, reported in Table 1, that organizational effectiveness ratings of managerial and supervisory staff were not always convergent with the ratings of office counseling and interviewing staff. For example, there was marked agreement between job classifications (N = 30 offices) on organizational resource acquisition (r = .80), productivity (r = .74), and cohesion (r = .60), but there was little consensus within offices on such effectiveness dimensions as organizational stability (r = .17) or planning (r = .16).

The availability of such broadly-scoped factor scores for the analysis of differential intraorganizational convergence of manager-

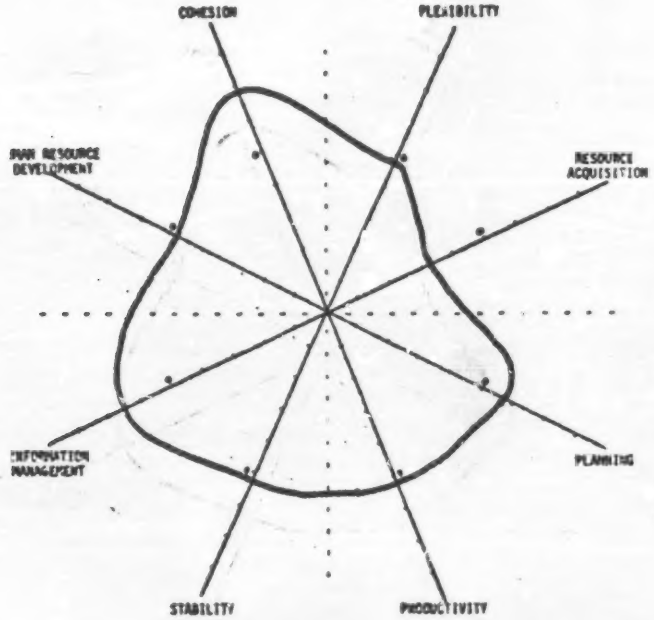
Table 1

Factor Loadings of Organizational Effectiveness Items

	I Stability	II Cohesion Morale	III Planning	IV Flexibility	V Productivity	VI Information Management	VII Growth	VIII Human Resources
Generally the office supervisors plan their work in advance and are well organized.	.70	.20	.19	.18	.02	.16	.06	.18
Our office has a reputation of not being managed very well.	-.60	-.19	-.16	-.10	-.21	-.09	-.04	-.09
There is a feeling of staff cohesion and teamwork.	.57	.40	.15	.21	.18	.21	.04	.15
Our work efforts during the day are well organized.	.45	.37	.30	.26	.22	.13	.14	.27
Weekly activities are well scheduled.	.44	.22	.29	.11	.09	.12	.09	.14
Employees seem to get along well with each other.	.22	.72	.17	.20	.22	.17	.04	.19
Employees trust each other.	.31	.65	.14	.18	.15	.23	-.03	.17
There is an atmosphere of friendship at work.	.29	.64	.20	.20	.20	.23	.01	.12
There are serious conflicts among employees.	-.38	-.52	-.16	-.15	-.06	-.09	.02	-.15
It is easy to give a precise explanation of the goals of our organization.	.21	.15	.64	.18	.17	.08	.04	.05
Members of our organization have a clear understanding of its goals.	.24	.23	.62	.28	.25	.06	.11	.22
The organization has objectives that are very well defined.	.27	.23	.60	.16	.21	.11	.08	.16
It is hard to understand the organization's direction or purpose.	-.37	-.05	-.56	-.15	-.09	-.11	.01	-.16
In a crisis we are usually able to get our work done.	.13	.18	.21	.69	.25	.13	.00	.16
We are flexible enough to take on new tasks.	.20	.21	.17	.60	.14	.12	.13	.20
Our responses to emergencies are usually adequate.	.28	.19	.29	.56	.32	.14	.03	.15
We adapt well to new demands on our organization.	.26	.20	.25	.55	.40	.13	.08	.13
This organization is highly productive	.43	.18	.18	.17	.63	.11	.12	.15
The volume of work accomplished is quite large.	.10	.14	.18	.30	.57	.12	.00	.16
We deserve a solid reputation for doing our jobs well.	.08	.14	.17	.24	.49	.20	.05	.34
The organization generates a large amount of output.	.21	.14	.35	.19	.49	.14	-.02	.02
The work done in the organization is high caliber.	.34	.27	.14	.35	.47	.18	.08	.33
My coworkers provide me with good, usable information.	.13	.20	.11	.07	.09	.77	.03	.13
Information given to me by other staff members is usually very helpful in my work.	.12	.10	.09	.13	.13	.72	-.00	.18
I get useful information from my coworkers.	.21	.14	.07	.12	.10	.69	-.01	.09
The size of our office work force is steadily increasing.	.01	.04	-.01	.09	.02	-.01	.87	.00
Each year we have a larger staff than the year before.	-.01	.04	.04	.03	.03	.03	.86	-.05
In terms of the number of personnel, our organization has not been growing recently.	-.15	.03	-.05	-.06	.04	.03	-.61	-.04
We keep hiring new employees to fill new positions.	.02	.01	.02	-.03	.07	.03	.58	.04
Employees possess skills adequate to thier assignments.	.20	.20	.25	.23	.17	.25	.05	.68
Members of the staff are well-qualified for their jobs.	.31	.26	.11	.24	.19	.19	.03	.63
Staff members have the capacity to do their work.	.17	.23	.25	.18	.26	.25	-.02	.52
In this office it seems to matter if I do a good job.	.38	.13	.20	.06	.19	.12	.03	.09
When change is required, the organization adjusts.	.33	.16	.23	.39	.20	.14	.05	.13
Cutsiders respect the quality of our work.	.29	.23	.12	.25	.24	.19	.21	.23
Productivity here is lower than what it could be.	-.42	-.10	-.11	-.14	-.33	.01	-.06	-.07
This organization seems to be without central purpose or apparent direction.	-.43	-.09	-.42	-.14	-.24	-.15	-.04	-.22
There is adequate coordination between our jobs.	.41	.40	.27	.22	.22	.26	.12	.15
Estimates of reliability (coefficient alphas)	.85	.87	.85	.86	.85	.85	.82	.84
Correlations between factor scores of managers and staff	.17	.60	.16	.26	.74	.49	.80	.23

ial and staff perceptions of office effectiveness provides a potentially useful diagnostic basis for a variety of organizational interventions within the competing values framework. For example, when the average effectiveness factor scores for a Louisiana office are graphically displayed for managers (on the left) and for staff (on the right) side by side as at the top of Figure 2, there is little doubt that an uncommon agreement exists about the performance of their organization, particularly their problem with acquiring new resources. In contrast, the average effectiveness factor scores for a Pennsylvania office, when graphically displayed for managers and for staff as at the bottom of Figure 2, suggests clear and potentially problematic discrepancies in perceptions, particularly about effectiveness dimensions reflecting a value on control: information management, stability, productivity, and planning.

Figure 3 depicts other interesting value discrepancies that have been found in local offices assessed in the present study. For example, the average factor scores of staff members in an Iowa and a Kansas office graphically displayed at the top of Figure 3 reflect two differing dominant organizational values, that is, greater value on the organization relative to its members (on the left) in contrast to greater value on the members relative to the organization itself (on the right). Below, the management of a South Dakota office (on the left) appears to be reporting greater emphasis on organizational control relative to flexibility, while the criteria of organizational flexibility described by the management of a New Jersey office (on the right) appears to far outweigh the indicators of value on organizational control.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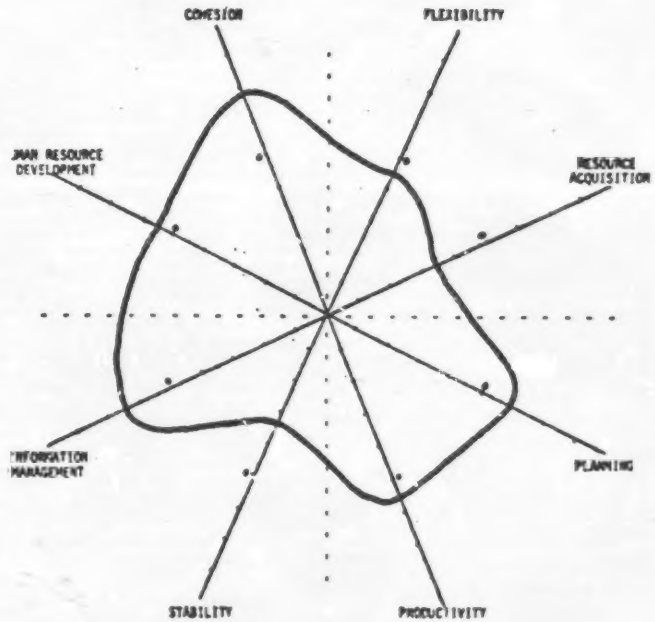
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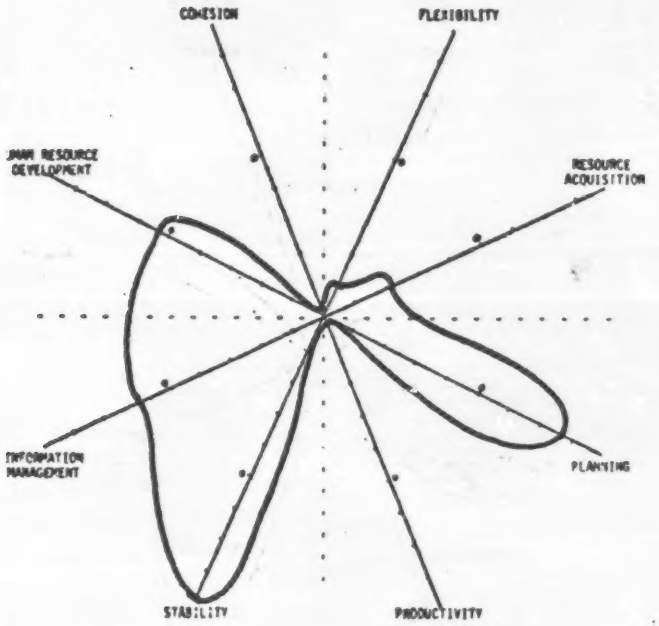
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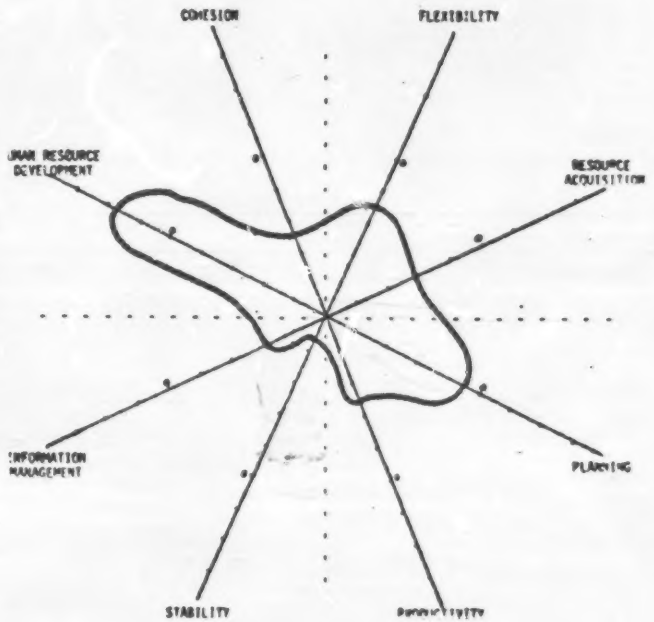
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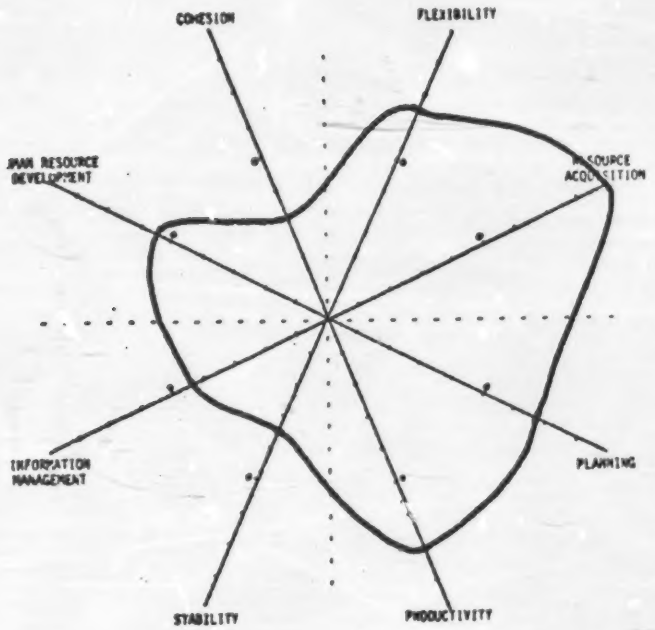
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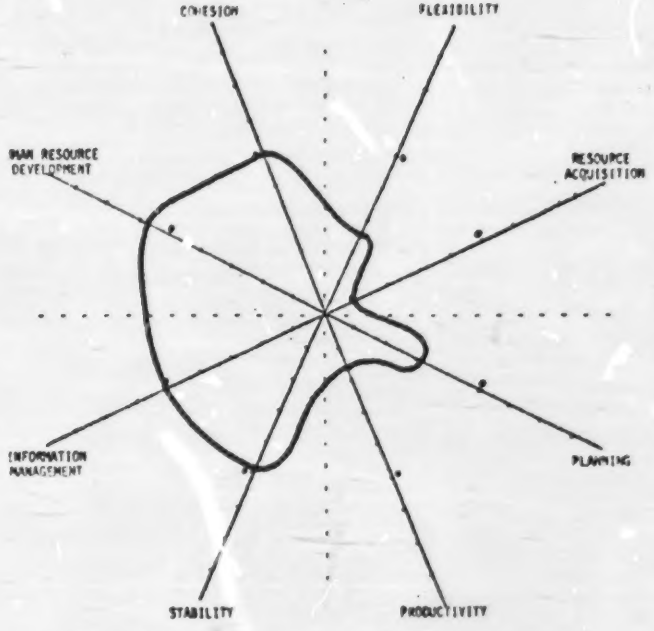
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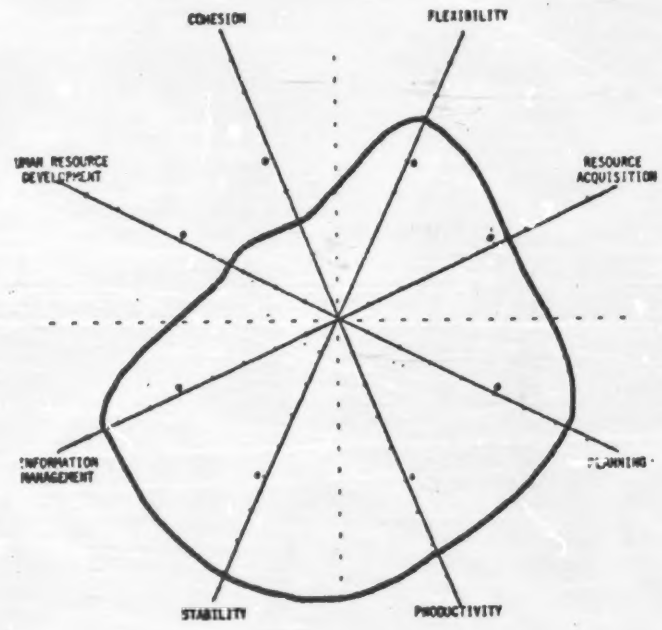
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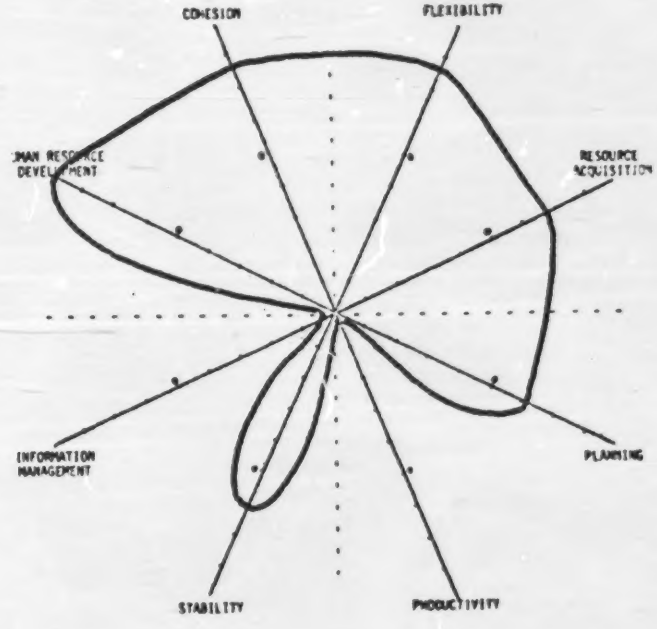
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Figure 3.

Effectiveness data from interviews and records. In order to provide convergent validity for the subjective reports of the office staff regarding their organization's effectiveness, complementary effectiveness data were collected in the present study. Figure 4 displays the indicators employed in this first cut at the selection of appropriate, convergent effectiveness measures for local Employment Service offices, including the ranges and averages encountered in the data set. Although these indicators support the reported perceptions of the office staff as indicated by their positive correlations with the factor scores shown in Table 2, they do not fully resolve the discrepancies in staff reports noted above. Nevertheless, composite scales combining the relatively subjective staff responses with the relatively objective records derived from interviews and office reports (computed by averaging standardized scores) produced estimates of reliability (coefficient alphas) for five of the eight effectiveness dimensions that are clearly within well-accepted standards of organizational measurement (as shown in Table 2). It is obvious, however, that additional work is required to more reliably assess the stability, flexibility, and planning of operations within local Employment Service offices.

Initial work has already begun, however, to chart the effectiveness of the local offices visited in the present study. By graphing the composite indices in a parallel manner to the graphic representation of factor scores shown in Figures 2 and 3, the more global representation of organizational effectiveness can be produced. For example, Figure 5 depicts local Employment Service offices in Texas, Connecticut, Colorado, and Pennsylvania, each with its own distinctive performance profile.

EFFECTIVENESS DIMENSION	MEASURE	RANGE	MEAN
Resource Acquisition	Percentage change in office budget (1978-1979)	-50% - 25%	5%
Productivity	Number of client placement transaction per placement staff year	154 - 1061 transactions	523 transactions
Stability	Percentage of total staff years taken for sick leave	1.8% - 14.5%	6.6%
	Number of regularly scheduled staff meetings per month	0 - 6 meetings	2.2 meetings
Human Resource Development	Percentage of professional staff with bachelor's degrees (or equivalent)	10% - 75%	45.7%
	Percentage of professional staff in at least yearly workshop attendance	25% - 99%	60.9%
Flexibility	Number of new programs and changes in office operations listed by staff	2 - 18 changes	7.6 changes
	Percentage of questions about office changes answered "none" by staff	0% - 83%	37%
Planning	Average number of office objectives identified by staff members	0.6 - 2.4 objectives	1.3 objectives
	Percentage of questions about objectives answered "don't know" by managers	0% - 50%	9.8%
Information Management	Number of scheduled and unscheduled staff meetings per month	0 - 7 meetings	2.5 meetings
	Perceived adequacy of information available to staff members	35 - 85% adequacy	65% adequacy
Cohesion	Percentage of staff leaving office during prior year (turnover)	2.4% - 39.0%	21.4%

Figure 4. Additional indicators of effectiveness dimensions

Table 2
Interitem Correlations and Reliability Estimates for Effectiveness Dimensions

RESOURCE ACQUISITION

	1	2
1 Managers		
2 Interviewers	.80	
3 Budget increase	.30	.36

Reliability = .74

PRODUCTIVITY

	1	2
1 Managers		
2 Interviewers	.74	
3 Placement transactions	.47	.35

Reliability = .76

STABILITY

	1	2	3
1 Managers			
2 Interviewers	.17		
3 Sick leave taken	.25	.20	
4 Scheduled meetings	.20	.24	.32

Reliability = .54

HUMAN RESOURCE DEVELOPMENT

	1	2	3
1 Managers			
2 Interviewers	.23		
3 Bachelor's degrees	.60	.29	
4 Workshop attendance	.48	.11	.38

Reliability = .68

FLEXIBILITY

	1	2	3
1 Managers			
2 Interviewers	.26		
3 New programs, changes	.05	.15	
4 "No change" responses	-.05	.15	.47

Reliability = .45

PLANNING

	1	2	3
1 Managers			
2 Interviewers	.16		
3 Office objectives	.07	.19	
4 "Don't know" responses	.20	.41	.25

Reliability = .52

INFORMATION MANAGEMENT

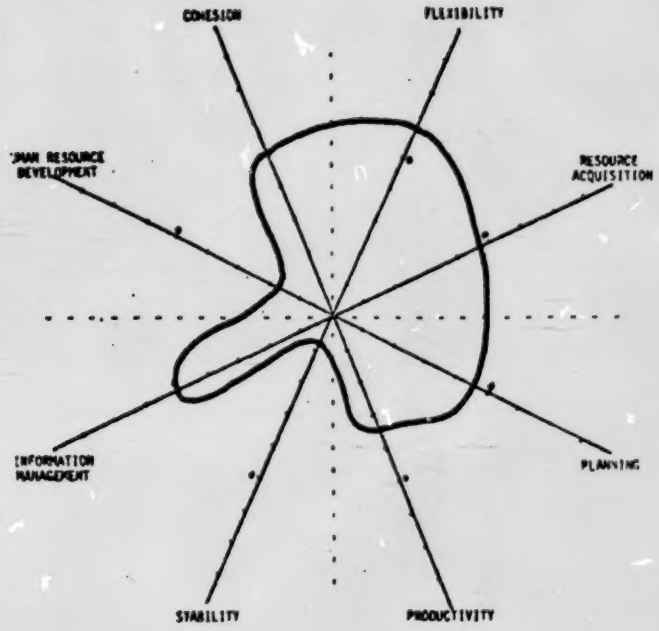
	1	2	3
1 Managers			
2 Interviewers	.49		
3 Total staff meetings	.38	.24	
4 Adequacy of information	.20	.31	.11

Reliability = .62

COHESION

	1	2
1 Managers		
2 Interviewers	.60	
3 Staff turnover	.31	.57

Reliability = .74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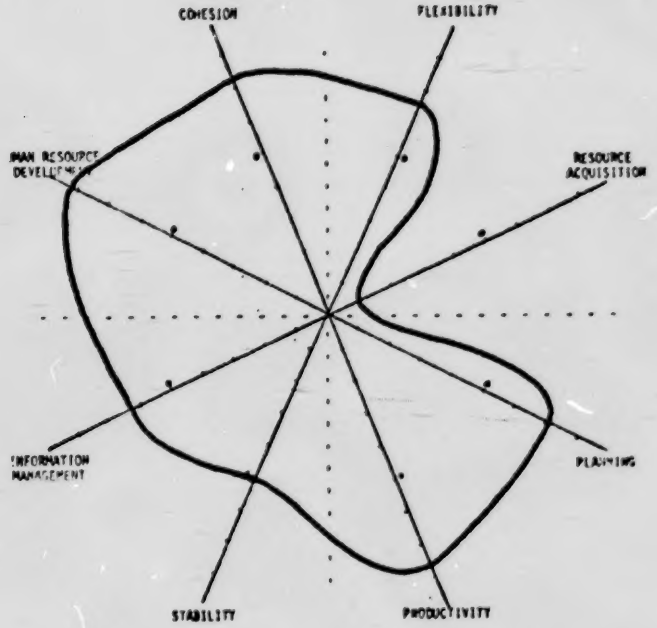
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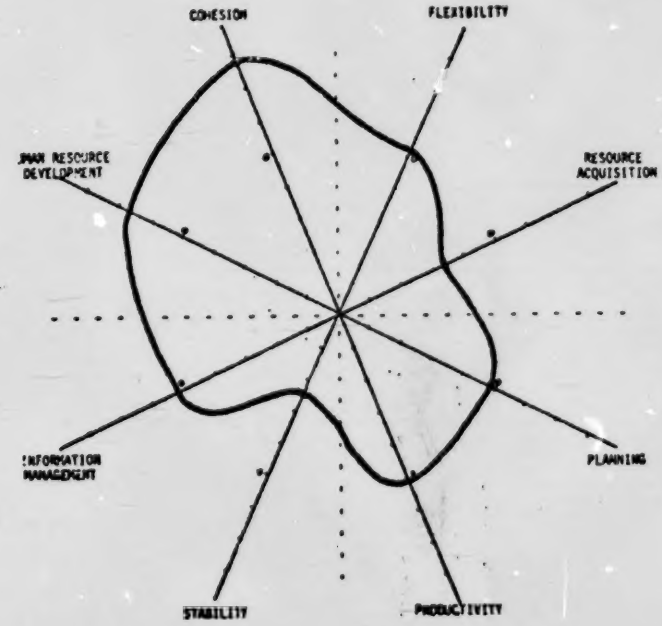
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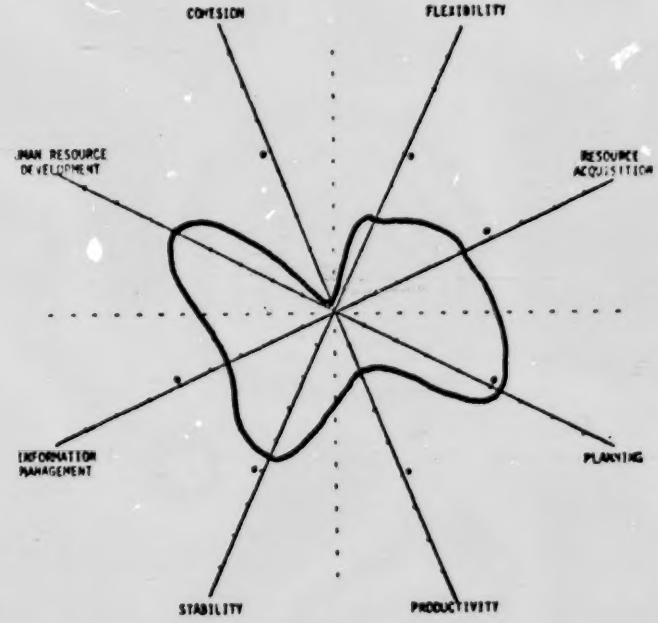
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Figure 5.

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